

6 Finance

Main Findings

On the whole, the proportion of households reporting they were managing well financially has increased, from 42 per cent in 1999 to 56 per cent in 2017. The recent levels suggest a period of recovery following the dip between 2007 and 2012, which may be explained in part by the economic downturn during that period.

As in previous years, single parent and single adult households were the most likely to report that they were not managing well financially (21 and 16 per cent respectively), both figures being above the Scotland average of nine per cent.

Owner occupiers were most likely to report they were managing well (69 per cent compared to 30 per cent for households in the social rented sector).

Households relying mainly on benefits (including the state pension) were the most likely to say they were not managing well (15 per cent), which is more than double the rate for households relying on earnings (six per cent). Only three per cent of households relying on other sources of income (including occupational pension and other investments) reported that they were not managing well.

Levels of perceived financial difficulty were higher in areas of deprivation as measured by the Scottish Index of Multiple Deprivation. The proportion of households reporting not managing well was 18 per cent for households in the 10 per cent most deprived areas, falling consistently with levels of deprivation to three per cent for households in the 10 per cent least deprived areas.

There has been an overall increase in the proportion of households reporting having savings of £1,000 or more, from 43 per cent in 2009 to 55 per cent in 2017.

Households with lower income levels were more likely to report having no savings than those with higher incomes.

The proportion of households where neither the respondent nor their spouse or partner had a bank or building society account has fallen from 12 per cent in 1999 to two per cent in 2017.

6.1 Introduction and Context

The Scottish Government's overall approach to tackling poverty and inequality is set out in the Fairer Scotland Action Plan, published in October 2016. The Plan sets out 50 concrete actions that the Scottish Government will take during this Parliamentary term, many of these have now been introduced or are in train. For example, a new Fairer Scotland Duty on socio-economic disadvantage is now in force, a national Poverty and Inequality Commission was launched in July 2017, and the Child Poverty (Scotland) Act 2017 was unanimously voted for by the Scottish Parliament at the end of last year.

Since then, the Scottish Government has published its first 'Tackling Child Poverty Delivery Plan' (March 2018), which sets out how progress will be made on reducing child poverty in the period 2018-22, underpinned by a new £50 million Tackling Child Poverty Fund, amongst other investments. The Plan sets out a range of help on incomes from work and social security, and assistance with costs of living.

That child poverty is the priority is not surprising bearing in mind recent national statistics which show that more than 1 in 5 children in Scotland live in poverty after their family's housing costs have been accounted for.

6.2 How Households are Managing Financially

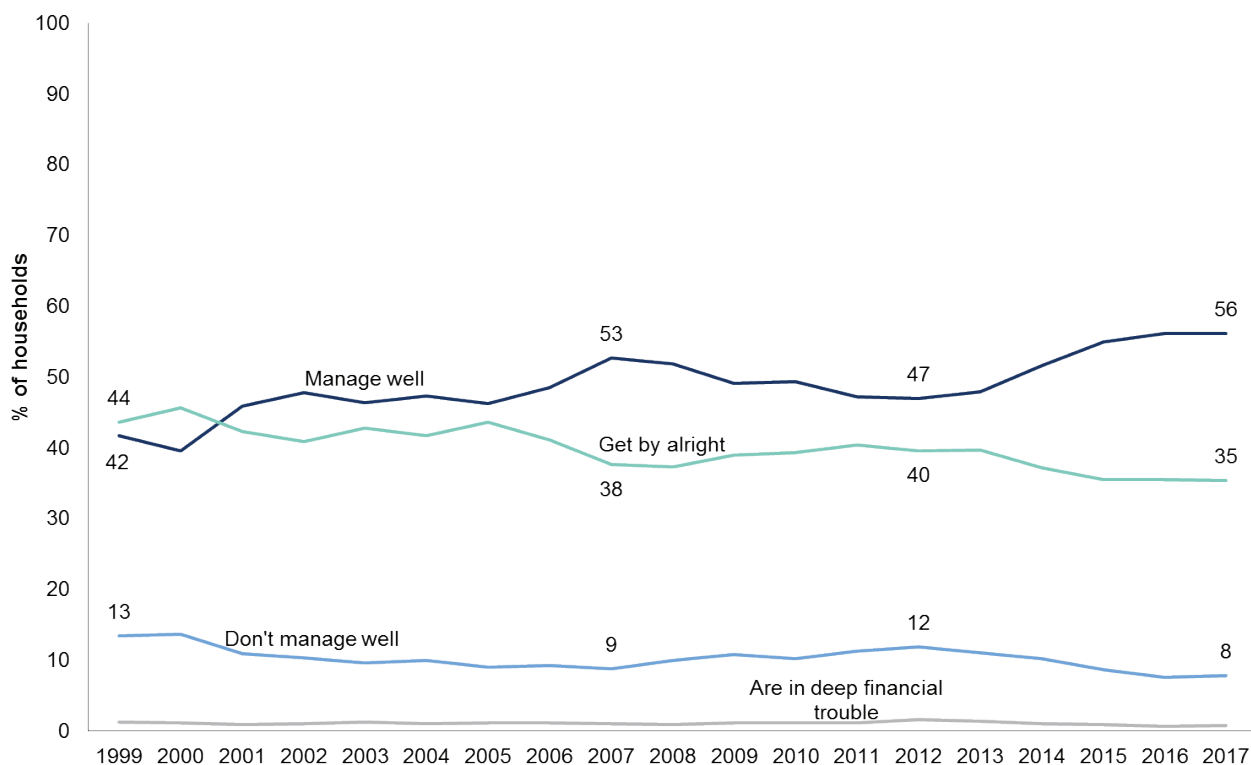
Respondents are asked how they feel the household has coped financially over the last year. Figure 6.1 shows the trend since 1999.

On the whole, **the proportion of households reporting they were managing well financially increased**, from 42 per cent in 1999 to 56 per cent in 2017. The recent levels suggest a period of recovery following the dip between 2007 and 2012, which may be explained in part by the economic downturn during that period. The proportion of households reporting that they got by alright shows a mirror trend, with an overall decrease from 44 to 35 per cent between 1999 and 2017.

The proportion of households who reported they didn't manage well/had some financial difficulties showed a flatter trend, with some small peaks and troughs in response to the economic downturn.

Figure 6.1: How households are managing financially by year

1999-2017 data, Households dataset (minimum base: 3,660)

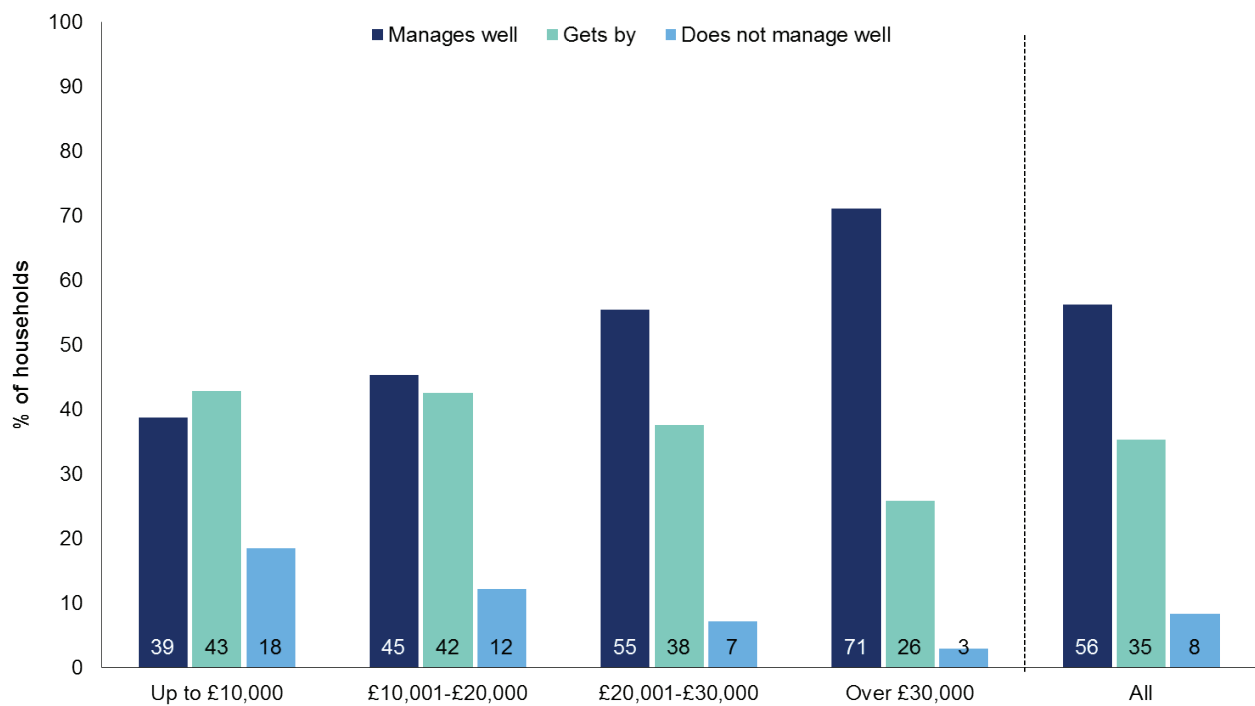


*This question was only asked between January and March in 2003.

Household perceptions of how they managed financially varied by household income (Figure 6.2). While the majority of households on incomes up to £10,000 said that they managed well or got by (39 and 43 per cent respectively), **almost one in five (18 per cent) said they did not manage well - higher than the overall average of eight per cent.**

Households with incomes over £30,000 were most likely to report they were managing well – around seven in ten (71 per cent) reported managing well, compared to 55 per cent for households in the next highest income band, and 39 per cent for households in the lowest income category.

Figure 6.2: How the household is managing financially by net annual household income
 2017 data, Households (minimum base: 1,140)

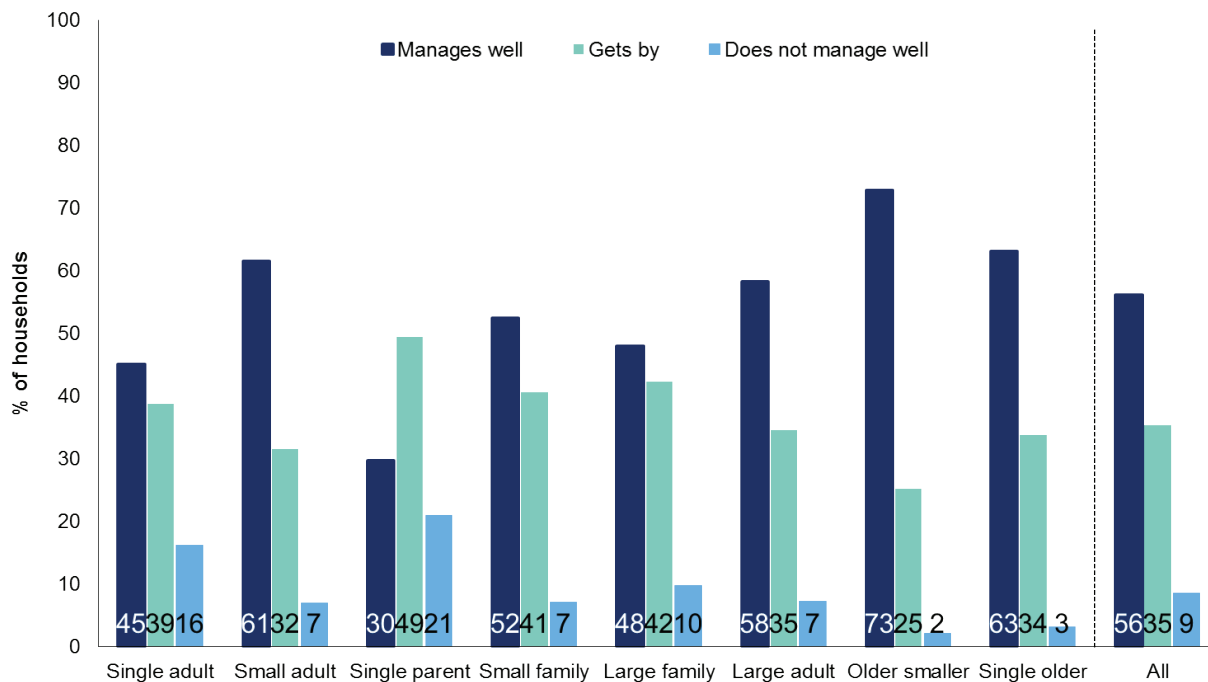


Perceptions of managing household finances varied by household type⁴¹ (Figure 6.3). Single parent households and single adult households were the most likely to report that they were not managing well financially: around one in five (21 per cent) and one in six (16 per cent) respectively, compared to nine per cent overall.

⁴¹ For the full definition, please see the Annex 2: Glossary

Figure 6.3: How the household is managing financially by household type

Column percentages, 2017 data



Perceptions of managing financially also varied with household tenure (Figure 6.4). **Owner occupiers were most likely to report they were managing well** (69 per cent compared to 30 per cent for households in the social rented sector) and **least likely to say they were not managing well** (four per cent compared to a fifth of households in the social rented sector). A more detailed breakdown by tenure can be found in Chapter 3.3.

Figure 6.4: How the household is managing financially by tenure of household

2017 data, Households (minimum base: 150)

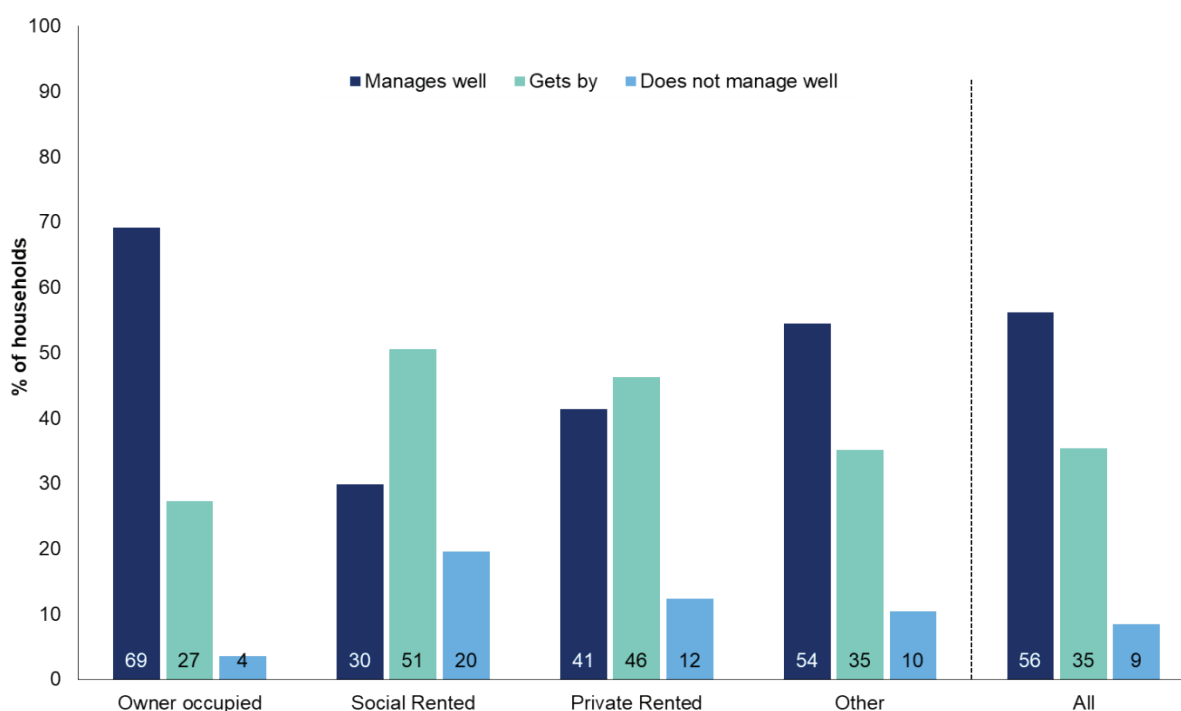


Table 6.1 shows how households were managing financially by their main income source. **Households relying mainly on benefits** (including state pensions) **were the most likely to say they were not managing well** with around one in six (15 per cent) reporting that they were not managing well, nearly double the overall rate of eight per cent. **Only three per cent of households relying on other sources⁴² reported that they were not managing well.**

Table 6.1: How the household is managing financially by income sources

Column percentages, 2017 data

Households	Main income from earnings	Main income from benefits	Main income from other sources	All
Manages well	60	44	74	56
Gets by	34	42	22	35
Does not manage well	6	15	3	8
Total	100	100	100	100
<i>Base</i>	<i>5,610</i>	<i>3,420</i>	<i>1,190</i>	<i>10,240</i>

Households where the highest income householder (HIH) was male were more likely to say they managed well (Table 6.2), with three fifths saying so compared to a half of households where the highest income householder was female (60 per cent, compared with 51 per cent). **The proportion of households reporting that they were managing well was higher for older highest income householders.**

⁴² Occupational pensions, other investments and other non-earned income such as maintenance payments or student grants.

Table 6.2: How the household is managing financially by gender and age of highest income householder

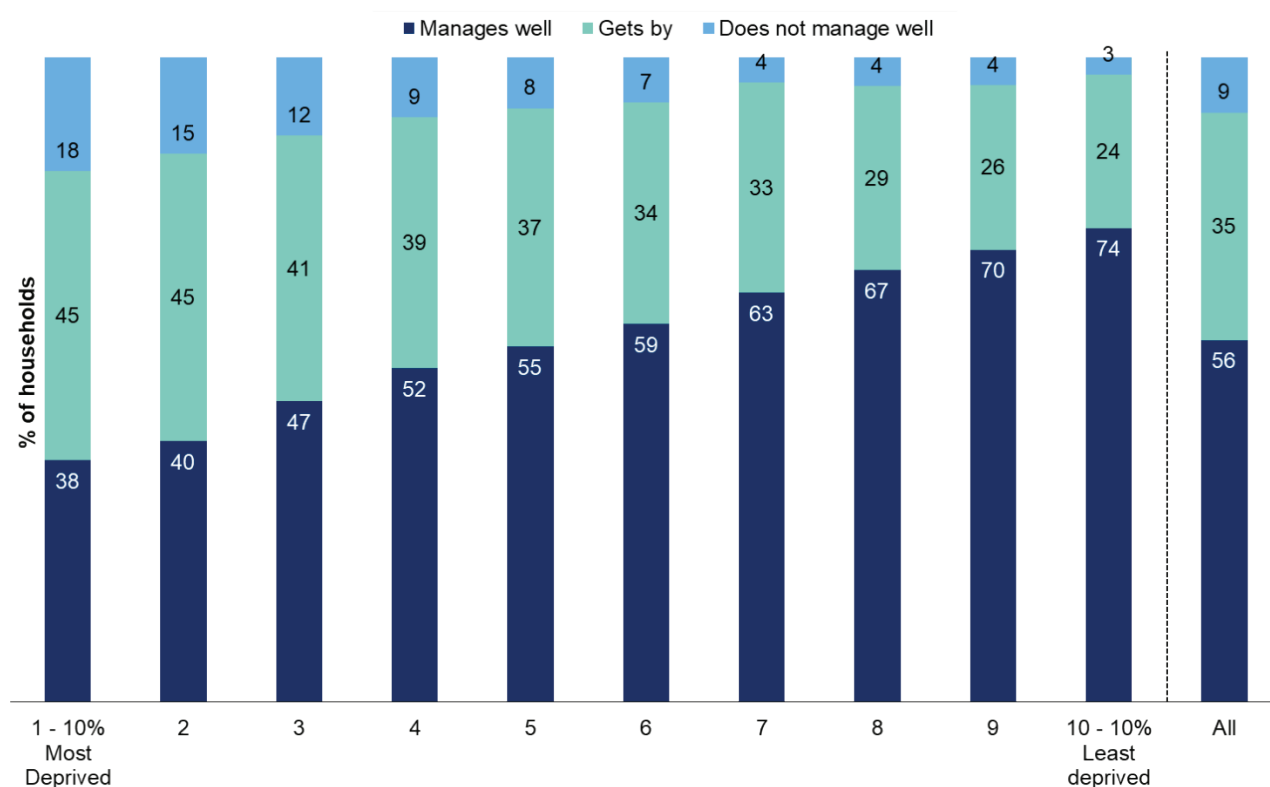
Column percentages, 2017 data

Households	Male	Female	16 to 24	25 to 34	35 to 44	45 to 59	60 to 74	75 plus	All
Manages well	60	51	42	52	47	54	63	69	56
Gets by	33	39	44	38	41	35	31	30	35
Does not manage well	7	10	13	10	12	11	5	2	9
Total	100	100	100	100	100	100	100	100	100
Base	6,320	4,280	370	1,250	1,580	3,020	2,790	1,590	10,590

Levels of perceived financial difficulty were higher in areas of deprivation as measured by the Scottish Index of Multiple Deprivation (SIMD)⁴³ (Figure 6.5). The proportion of households reporting not managing well was 18 percent for households in the 10 per cent most deprived areas, falling consistently with levels of deprivation to three per cent for households in the 10 per cent least deprived areas.

Figure 6.5: How households are managing financially by the Scottish Index of Multiple Deprivation

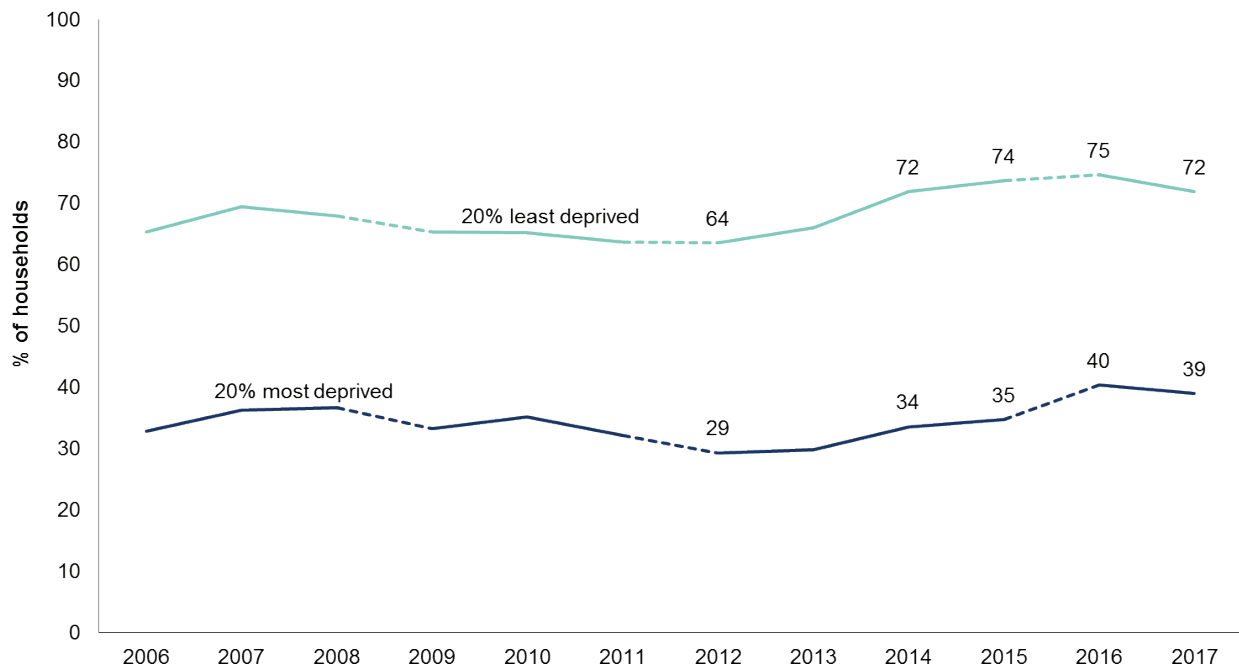
2017 data, Households (minimum base: 970)



⁴³ The SIMD is a relative measure of deprivation across small areas in Scotland. For more details see Annex 2: Glossary

Figure 6.6 shows changes over time for the proportion of households managing well financially in the 20 per cent most and least deprived areas. While the observed trends are similar for both groups as described in relation to Figure 6.1, **there has consistently been a substantial gap between those in the 20 per cent most and least deprived areas, with households in the more deprived areas being less likely to say they are managing well financially.**

Figure 6.6: Households who manage well financially by year
2006 - 2017 data, Households (minimum base: 6,800)



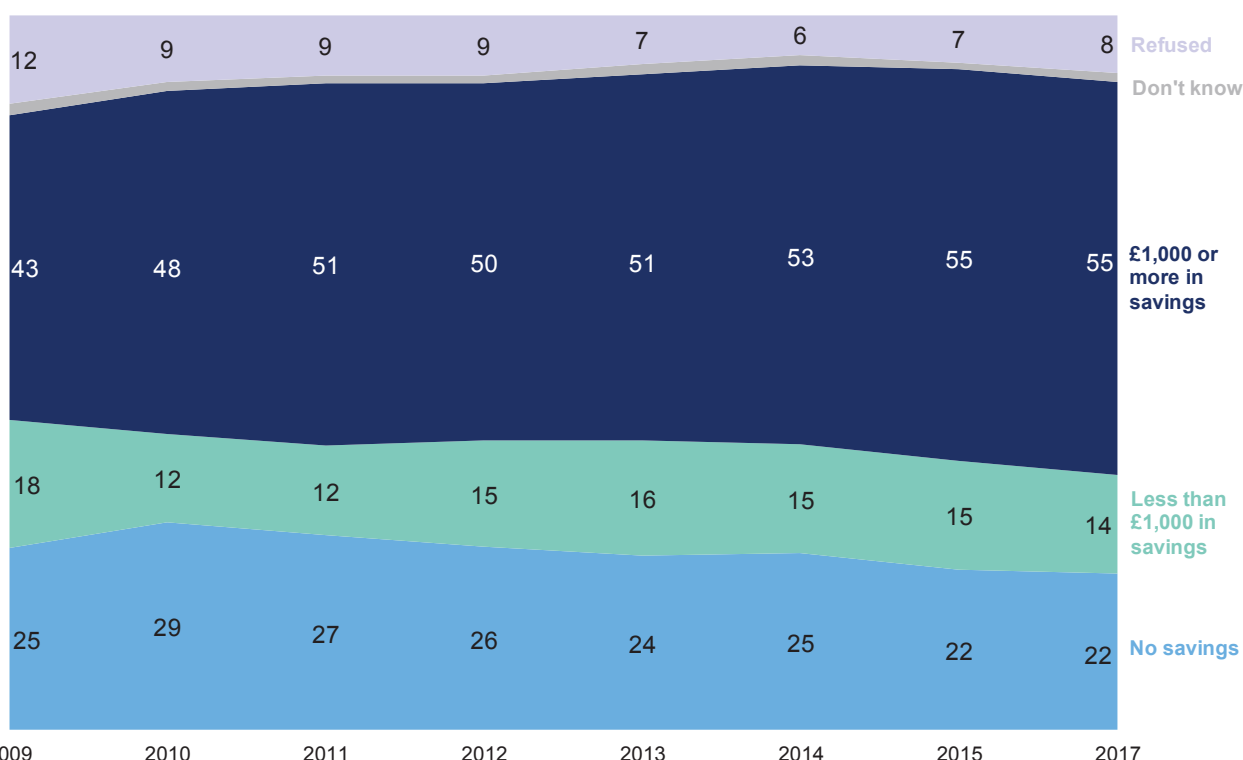
* Based on the most recent available SIMD measure for each year: SIMD06, SIMD09, SIMD12 and SIMD16.

6.3 Savings and Investments

Since 2009, the SHS has asked the highest income householder in a single, consolidated question whether they had any savings or investments.

Figure 6.7 shows the proportion of households that had savings or investments from 2009. There has been an overall increase in the proportion of households reporting having savings of £1,000 or more, from 43 per cent in 2009 to 55 per cent in 2017.

Figure 6.7: Proportion of households who have any savings or investments by year, in % 2009-2017, Households data



Note: Question asked only of a 1/3 sample from 2012, the questions wasn't asked in 2016.

Households with lower income levels were more likely to report having no savings than those with higher incomes (Figure 6.8). Only one in ten households with incomes over £30,000 reported having no savings, compared to nearly two fifths (39 per cent) of households with incomes up to £10,000.

Figure 6.8: Whether respondent or partner has any savings or investments by net annual household income

2017 data, Households (minimum base: 410)



The 'All' figures differs slightly from Figure 6. due to missing income information.

Access to savings also varied by household type (Figure 6.9). **Single parent households were most likely to report having no savings (59 per cent), followed by single adult households (33 per cent).** Of all household types, the older smaller households were most likely to have savings (82 per cent).

Figure 6.9: Whether respondent or partner has any savings or investments by household type

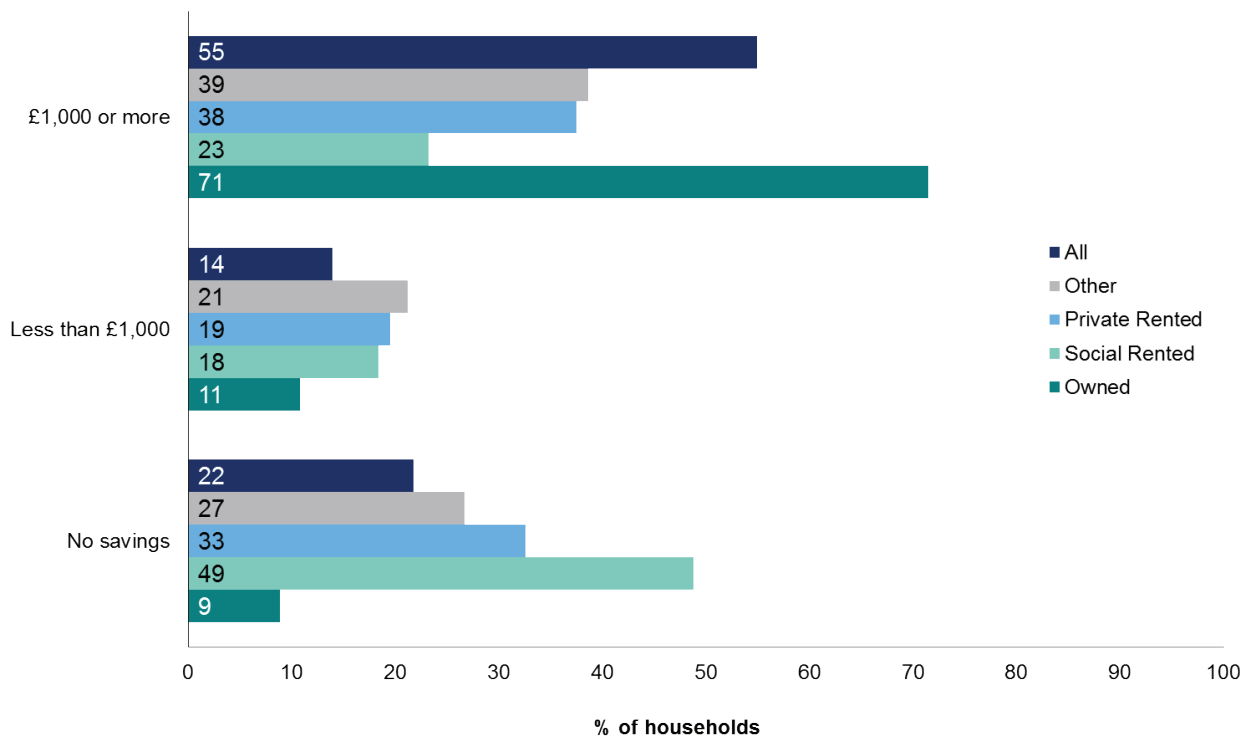
2015 data, Households (minimum base: 170)



Access to savings and investments varied by the tenure of households (Figure 6.10). **Owner occupiers were least likely to report having no savings** (nine per cent, compared to 22 per cent overall), while **nearly half of social rented households reported having no savings (49 per cent)**.

Figure 6.10: Whether respondent or partner has any savings or investments by tenure of household

Column percentages, 2017 data



Access to savings increased with the age of the highest income householder (75 per cent aged 60 to 74, compared to 69 per cent overall) (Table 6.3). **Households where the highest income householder is female were more likely to report not having any savings** (26 per cent, compared to 19 per cent for males).

Table 6.3: Whether respondent or partner has any savings or investments by sex and age of highest income householder

Column percentages, 2015 data

Households	Male	Female	16 to 24	25 to 34	35 to 44	45 to 59	60 to 74	75 plus	All
No savings	19	26	40	30	28	24	13	9	22
Has savings	73	63	53	61	63	70	75	77	69
Less than £1,000	13	16	20	18	19	13	9	12	14
£1,000 or more	60	47	33	43	44	57	66	65	55
Don't know	1	1	0	1	1	1	1	3	1
Refused	7	9	7	8	8	6	10	11	8
All	100	100	100	100	100	100	100	100	100
Base	2,080	1,400	120	390	490	1,030	900	530	3,470

6.4 Banking

The proportion of households where neither the respondent nor their spouse or partner had a bank or building society account fell from 12 to four per cent between 1999 and 2009 (Table 6.4). In 2017, **only two per cent of households reported not having a bank or building society account.**

Table 6.4: Whether respondent or partner has a bank or building society account by year

Column percentages, 2009-2017 data

Households	1999	2009	2010	2011	2012	2013	2014	2015	2017
Yes	86	93	92	93	93	95	95	94	94
No	12	4	4	4	4	3	3	3	2
Refused	2	3	4	3	3	3	2	3	4
All	100	100	100	100	100	100	100	100	100
Base	14,650	10,290	11,000	10,790	3,460	3,510	3,530	3,480	3,470

From January 2012, this question was asked of three quarters and one third of the sample, respectively. This analysis **excludes Credit Unions and Post Office** accounts, as these were not included in the questionnaire until 2007.

Access to a bank, building society or other account varied by levels of income and deprivation (Table 6.5). **Households on lower incomes were more likely to say they made use of banking facilities through the Post Office** (six per cent of those with an income up to £10,000, compared to two per cent with an income over £20,000). A similar pattern was observed for households living in the more deprived areas, with six per cent of these saying they used a Post Office account, compared to one per cent of households living in the 20 per cent least deprived areas.

Table 6.5: Whether respondent or partner has banking facilities by net annual household income and Scottish Index of Multiple Deprivation

Percentages, 2015 data

Households	Up to £10,000	£10,001- £20,000	£20,001- £30,000	Over £30,000	20% Most Deprived	20% Least deprived	All
Bank Account	88	92	96	97	88	94	93
Building Society Account	12	8	13	16	5	19	12
Credit Union Account	1	2	3	5	2	2	3
Post Office card Account	6	5	2	2	6	1	3
None of these	3	1	0	0	2	0	1
Refused	3	4	3	2	6	5	4
BaseMin	370	1,070	730	1,160	660	650	3,470

Columns may not add to 100 per cent since multiple responses were allowed.